



PARCA

DoD EVM Policy, Application, and Reporting

Mr. John McGregor
PARCA Deputy Director for EVM



► Topics to be Discussed

- PARCA
- EVM Policy Initiatives
- EVM Application and Reporting
- Questions

Director, Performance Assessments and Root Cause Analyses (PARCA)

Mr. Gary R. Bliss

**OSD EVM
Policy Holder**

**Nunn
McCurdy
Breach
Analysis**

**Program
Assessments
and DAES
Selection**

Analysis Team

Mr. John McGregor

**Deputy Director for
Earned Value
Management**

Mr. Dave Cadman

**Deputy Director for
Root Cause Analyses**

Dr. Peter Eggan

**Deputy Director for
Performance
Assessments**

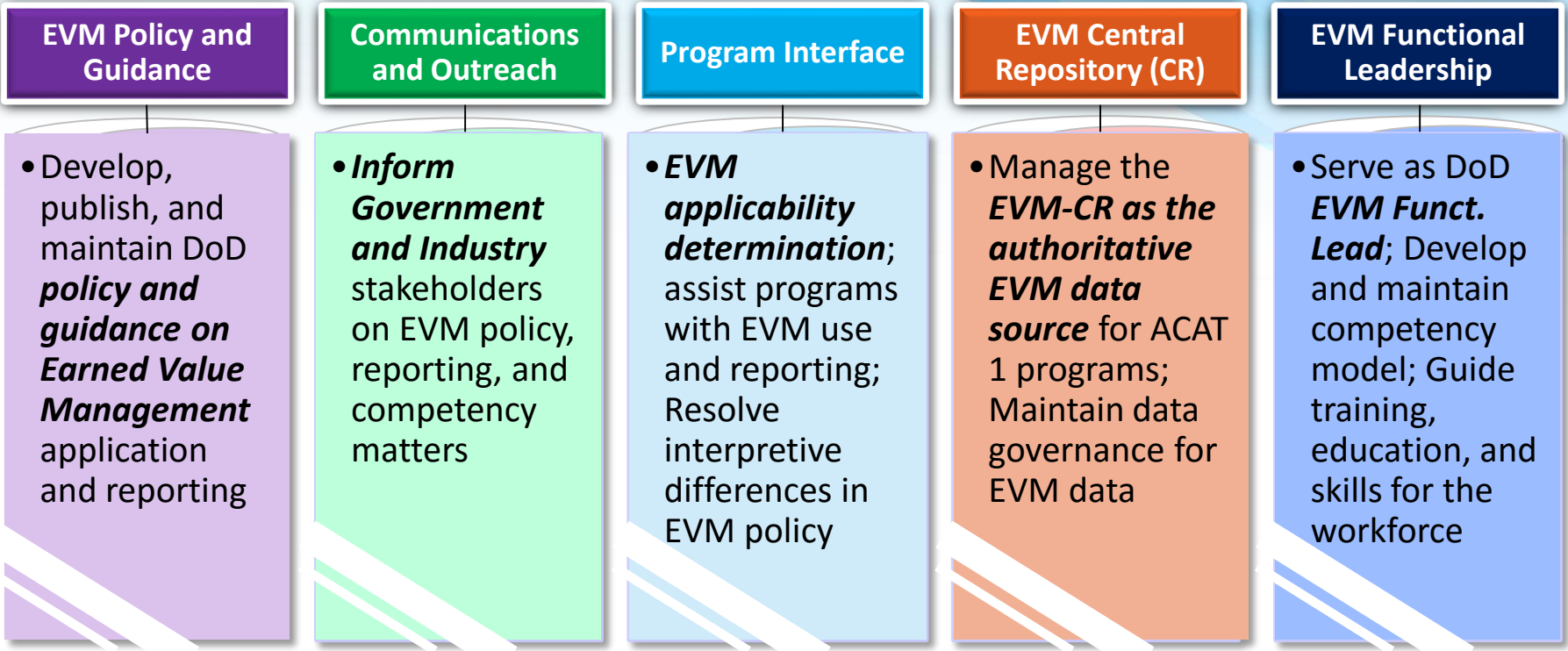
Dr. Danny Davis

**Deputy Director for
Acquisition Policy
Analysis Center**

***PARCA was brought into existence via the reforms in the
Weapon Systems Acquisition Reform Act (WSARA) of 2009***



EVM, as a management discipline for making decisions, depends on governing the entire EVM value stream from Contractor to Government analyst



“To be successful, EVM practices and competencies must be integrated into the program manager’s acquisition planning and execution processes”

- PARCA Authorities Memo, Aug 2011

► Strategic partnerships across the EVM Value Stream

*PARCA works
across DoD
Services/Agencies,
Federal Agencies,
and Industry*



***Working to facilitate the effectiveness of EVM for joint
situational awareness and program decision making***



PARCA EVM Policy

Recent/Current Policy Initiatives



▶ **DoD EVMSIG**

- Basis for the DoD to assess compliance to the 32 EVMS Guidelines
- Published February 2018

▶ **MIL-STD-881**

- Presents direction for effectively preparing, understanding, and presenting a Work Breakdown Structure
- Published April 2018

▶ **DoD EVM and Agile Guide**

- Resource for DoD personnel who encounter programs on which Agile philosophies and EVM are applied
- IBR and Metrics chapters published April 2018
- Current update includes contracts and data; publish Spring 2019

▶ **DFARS**

- In rulemaking process
- Added to the Unified Agenda, no definitive timeframe for release for public comment

▶ **5000.02**

- PARCA delegation for EVM applicability reviews
- Change version 4 in process

▶ **EVMIG Replacement**

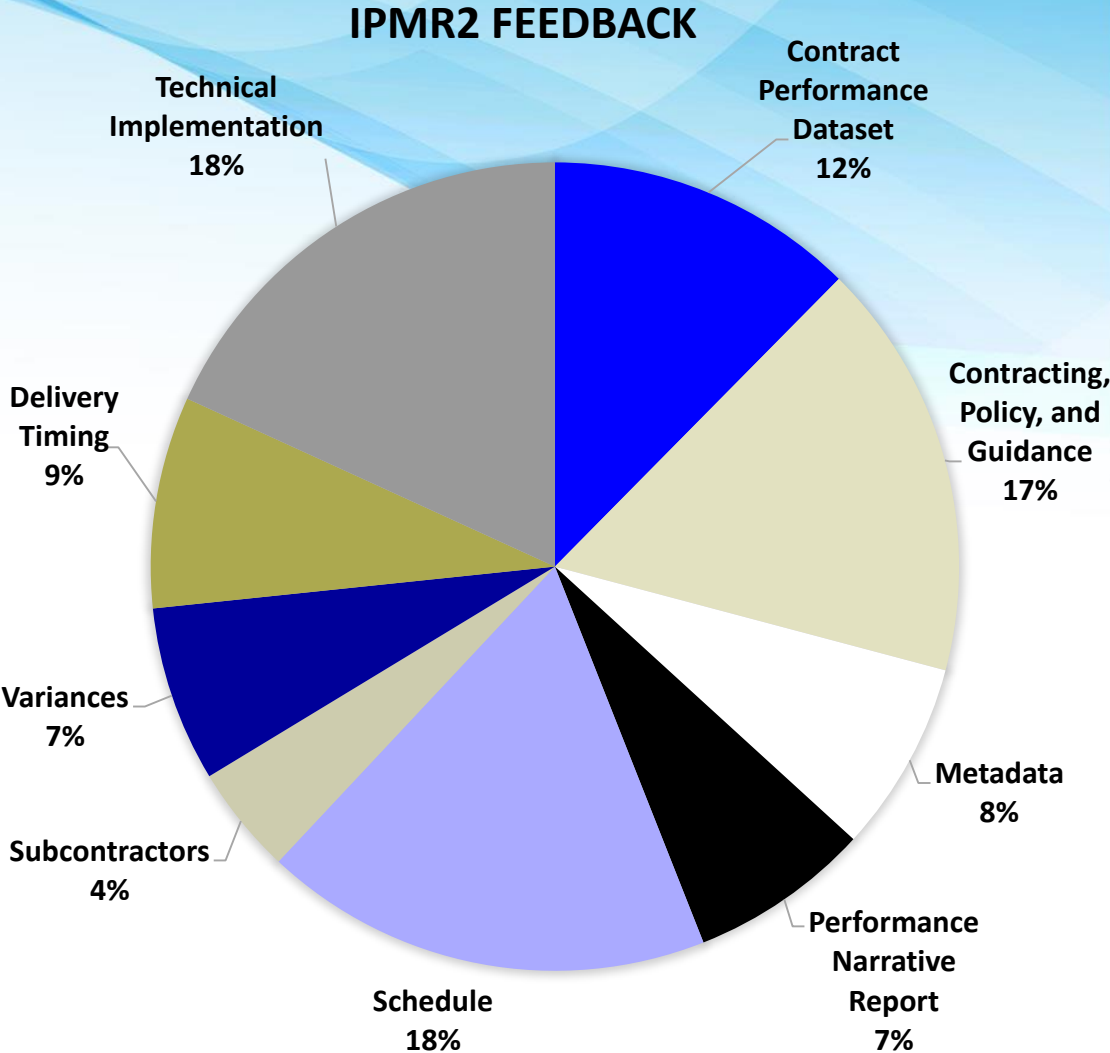
- Single document that contains disparate EVM policy application guidance
- In final review; publish late summer 2018

► IPMR Update

- Move from XML to **JSON** standard – modern and more flexible
- Delivery of contract **performance data** at Control Account/Work Package Level allows for **user-specific analysis**; tools can generate traditional reporting formats if desired
- Data Delivery Submittal Requirements
 - Submitted electronically in accordance with their applicable DoD-approved file format specifications and data exchange instructions (DEI) -- **Contract Performance Dataset and Schedule Dataset**
 - Submitted in contractor's specified electronic file format -- **Performance Narrative Report**
 - Submitted in contractor's native scheduling software electronic file format native format -- **Integrated Master Schedule (IMS)**

Goal is to reduce time to receive actionable data; Support DCMA compliance activities

- ▶ Feedback for the IPMR collected
 - Almost 1,000 comments received
- ▶ Feedback topics include:
 - **Delivery timing requirements**
 - **Variance analysis**
 - **Tailoring options**
 - Level of reporting
 - Software change from UN/CEFACT to JSON
 - Reporting of dollars and hours
- ▶ Will hold adjudication meetings for comment review with Govt and Industry





PARCA EVM Policy

EVM Application and Reporting



EVM's primary value is its ability to provide integrated, timely performance status for joint situational awareness, trend analysis, and decision making



Office of Management and Budget (OMB)

Establishes policy for planning, budgeting, acquisition and management of Federal for information technology (IT) and other capital investments



Federal Acquisition Regulation (FAR)

Primary regulation for use by all Federal Executive agencies in their acquisition of supplies and services with appropriated funds

Subpart 34.2—Earned Value Management System

34.201 – Policy.

(a) An Earned Value Management System (EVMS) is required for major acquisitions for development, in accordance with OMB Circular A-11. The Government may also require an EVMS for other acquisitions, in accordance with agency procedures.

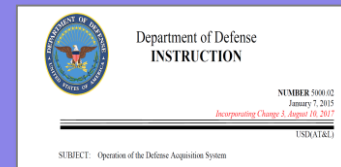
(b) If the offeror proposes to use a system that has not been determined to be in compliance with the Electronic Industries Alliance Standard 748 (EIA-748), the offeror shall submit a comprehensive plan for compliance with these EVMS standards. Offerors shall not be eliminated from consideration for contract award because they do not have an EVMS that complies with these standards.

Defense Federal Acquisition Regulation Supplement (DFARS)

Supplement to the FAR; providing DoD-specific acquisition regulations (note: Services have additional supplemental guidance)

DODI 5000.02

DoD instruction written to PM's for policy regarding the management of acquisitions



► Understanding the DFARS

- **DFARS 234.201 & 203** = DFARS **text**; instructions for DoD contract officers (includes PGI)
- **DFARS 252.234-7001** = **Provision** for RFP's; instructions for contractors
- **DFARS 252.234-7002** = **Clause** for contracts; instructions for contractors
- **DFARS 252.234-7005** = **Clause** for contracts regarding Contractor Business Systems

“EVM is applied to cost reimbursable or incentive contracts, inclusive of options, with 18 months or greater period of performance and based on the nature of the work scope.”

<u>Contract Value</u>	<u>Applicability</u>	<u>Notes</u>	<u>Source</u>
< \$20M	EVM not required; may be applied at PM discretion based on risk to the Government	Requires business case analysis and MDA approval	Part 7 of OMB Circular A-11 (Reference (c)); DFARS 234.201 (Reference (al)); This instruction
≥ \$20M & < \$100M	EVM Required; contractor is required to have an EVMS that complies with the guidelines in EIA-748*	The Government reserves the right to review a contractor's EVMS when deemed necessary to verify compliance	
≥ \$100M	EVM Required; contractor is required to have an EVMS that has been determined to be in compliance with the guidelines in EIA-748*	The Contractor will provide access to all pertinent records and data requested by the Contracting Officer or duly authorized representative as necessary to permit initial and ongoing Government compliance reviews to ensure that the EVMS complies, and continues to comply, with the guidelines in EIA-748*.	

DoDI 5000.02 Incorporating Change 3, August 10, 2017

► Delegation Memo

- PARCA delegated authority for EVM applicability reviews for ACAT ID and IAM



ACQUISITION,
TECHNOLOGY,
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

SEP 14 2017

MEMORANDUM FOR DIRECTOR PERFORMANCE ASSESSMENTS AND ROOT
CAUSE ANALYSES

SUBJECT: Delegation of Authority to Determine Earned Value Management Applicability on
ACAT ID and IAM Programs

Earned Value Management (EVM) is one of the most powerful program management tools for both the Department and Industry. EVM promotes an environment where contract execution data is shared between project personnel and Government oversight staff so that emerging problems are identified, pinpointed, and acted upon as early as possible.

Enclosure 1, table 8 of DoD Instruction 5000.02 issued January 26, 2017, discusses the determination of applicability of EVM on programs. An excerpt follows:

“For ACAT ID and IAM programs, OSD USD(AT&L) Performance Assessments and Root Cause Analyses (PARCA), in coordination with the CAE or designee, will review proposed contract work scope for EVM applicability and provide a recommendation to the DAE/MDA for a determination of EVM applicability. For all other ACAT levels, the CAE, or designee, will review and determine EVM applicability.”

PARCA is responsible for EVM performance, oversight, and governance across the Department. Therefore, to facilitate effective EVM application decisions, I delegate the authority for the review and determination of EVM applicability of ACAT ID and IAM programs to the Director, PARCA. My point of contact is John S. McGregor at 703-697-3759 or john.s.mcgregor2.civ@mail.mil.

Ellen M. Lord



2 Step EVM Application Process

Step 1. Contract Criteria Review

- Contract is Cost Plus or Incentive
- Contract > \$20M (including known options)
- Contract has at least 18 months period of performance

If any No

EVM Not Applicable*

If all Yes

EVM placed on contract;
option to have applicability determination based on nature of work (Step 2)

Step 2 (Optional). Work Attributes Review

- Does EVM apply based on review of SOW, PWS, WBS, & CDRLs (i.e., work discretely measurable & schedulable)
 - PARCA & Services - ACAT ID & IAM for DAE/MDA decision—delegated to PARCA
 - Services - other ACATs for SAE/CAE decision

No

*EVM does not apply** EVM not on contract; no deviation/waiver required

Yes

EVM does apply EVM is placed on contract; PMO has option to seek waiver/deviation

* The PM has the option to make a business case to apply EVM outside the thresholds and application decision



Have the Conversation...

... Traditional Acquisitions

... Middle Tier Acquisitions

... Other Transaction Authorities

... Agile Development Methods

If not EVM, then how will you manage?



**Are there any
application and
reporting
questions?**

Questions Contact Us

PARCA EVM Website:
<http://www.acq.osd.mil/evm/>

PARCA EVM Email:
osd.dodevm@mail.mil

PARCA AEP Program

PARCA Acquisition Exchange Program (AEP) provides a unique career-development experience for high-caliber Government civilians or military personnel interested in acquisition and/or EVM.

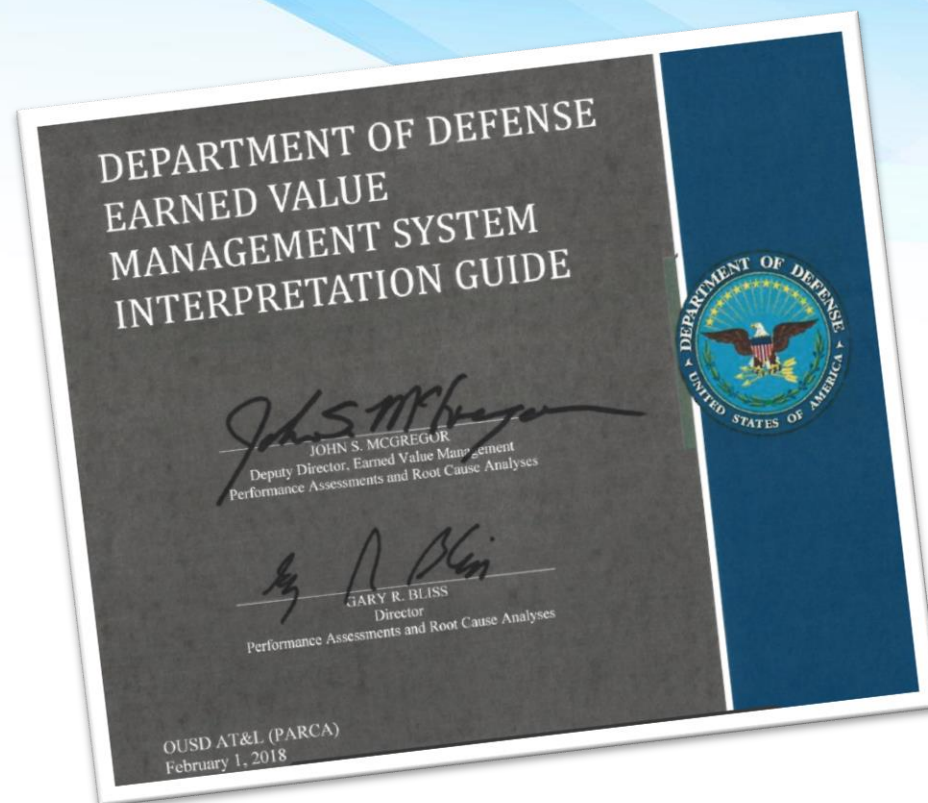
<http://www.acq.osd.mil/evm/aep.program.html>



Back-up Just in Case

▶ DoD EVMSIG is used as the basis for the DoD to assess compliance to the 32 EVMS Guidelines

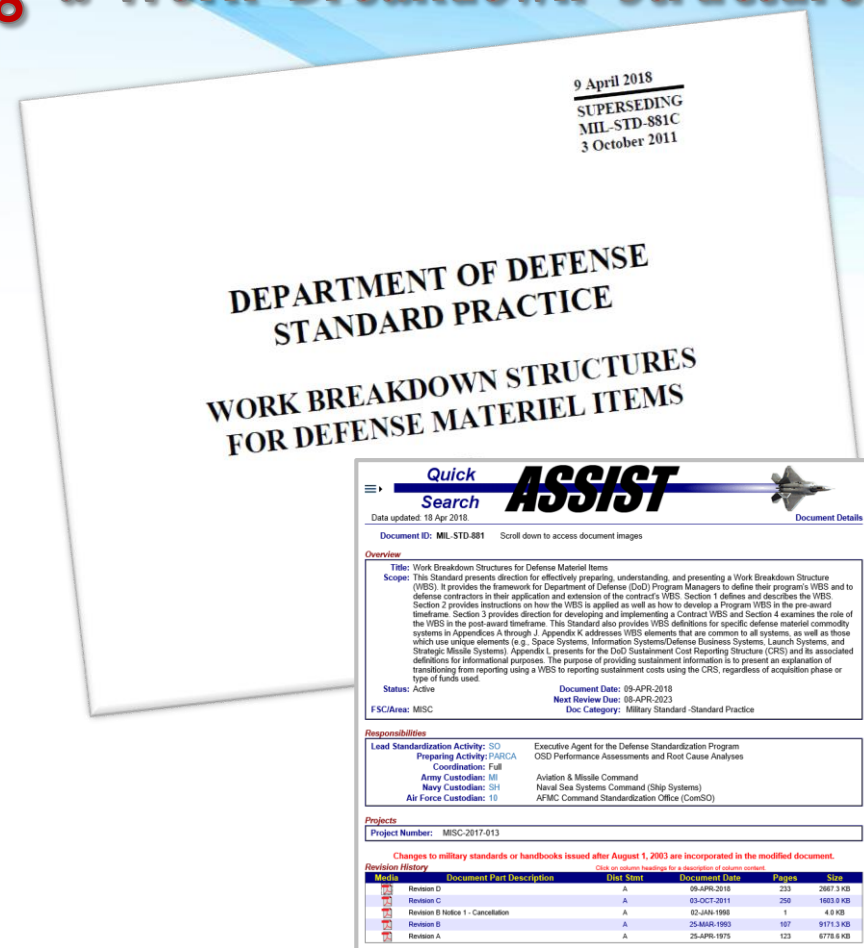
- Involved Government and Industry stakeholders across EVM and compliance communities
- Changes
 - Terminology and work products genericized
 - Analysis of material items for classification
 - Retroactive changes for rates at contractor discretion
- Published February 2018



<https://www.acq.osd.mil/evm/resources/PG-EVMS.shtml>

► MIL-STD-881 presents direction for effectively preparing, understanding, and presenting a Work Breakdown Structure

- Involved Government and Industry stakeholders across EVM and cost communities
- Changes
 - Added new appendices (Strategic Missiles Systems, Sustainment)
 - Combined appendices (Manned/Unmanned Aircraft, Missile/Ordinance)
 - Additional Standard Breakout for Common Elements
- Published April 2018

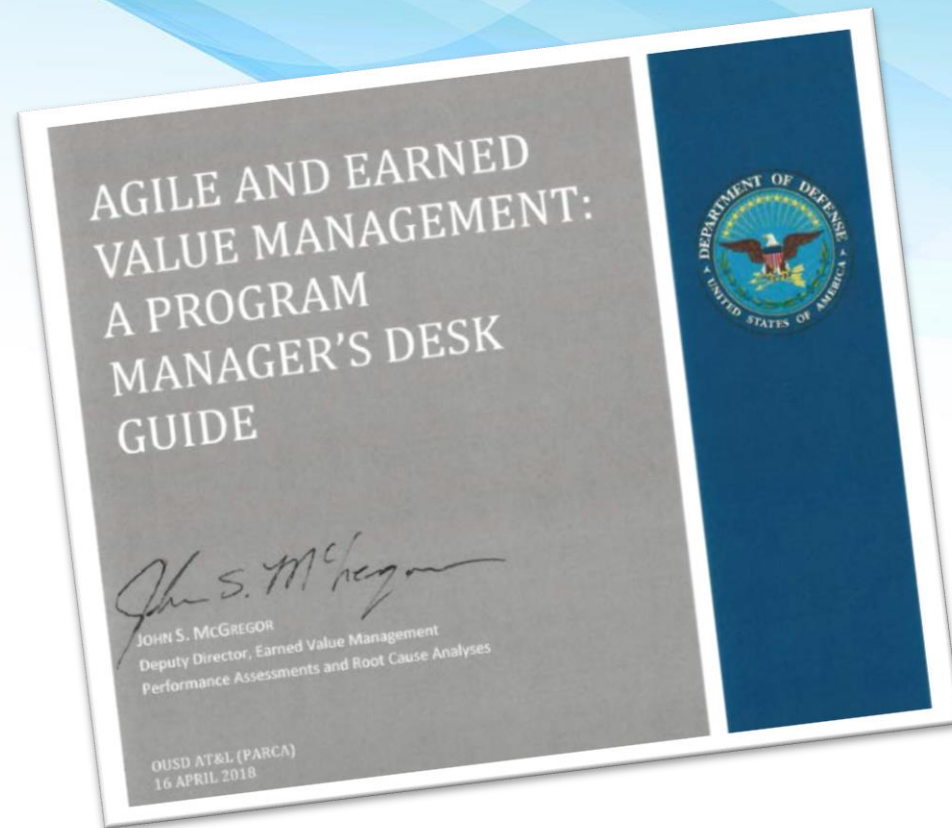


http://quicksearch.dla.mil/qsDocDetails.aspx?ident_number=36026

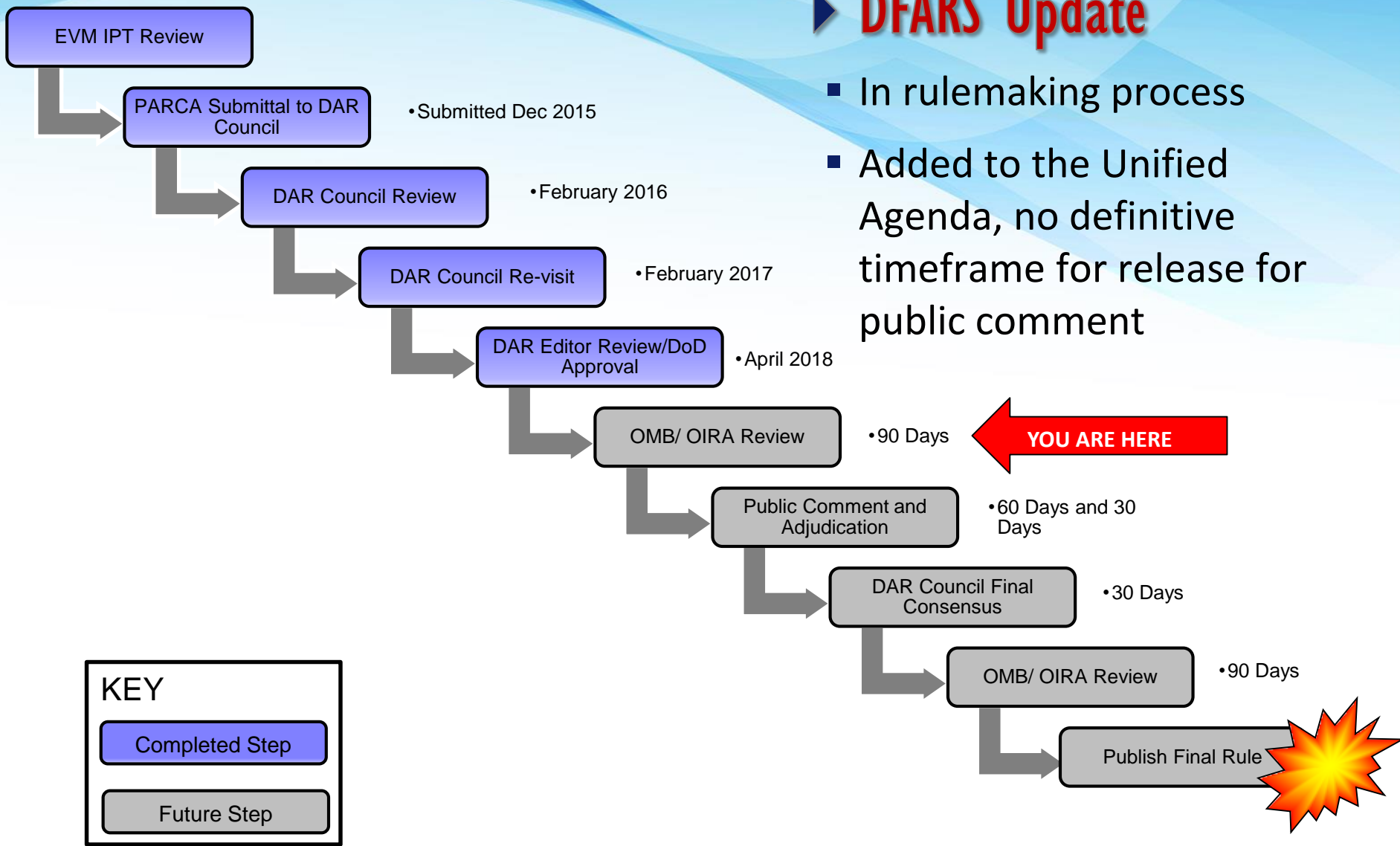


► DoD Agile & EVM: PM Desk Guide: EVM and Agile work together

- Involved Government and Industry stakeholders across EVM and Agile communities
- Addition of two new chapters
 - IBR: Emphasis on incremental process
 - Agile Metrics: Agile metrics as they relate to EVM metrics and analysis
- Published April 2018



[https://www.acq.osd.mil/evm/resources/Agile EVM Home.shtml](https://www.acq.osd.mil/evm/resources/Agile_EVM_Home.shtml)



► DFARS Update

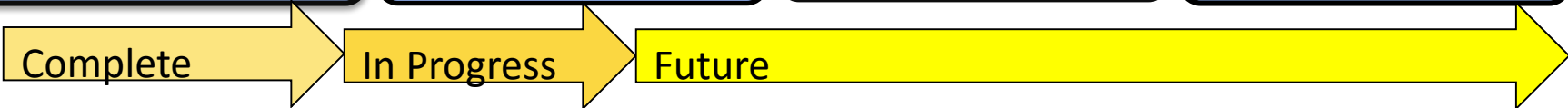
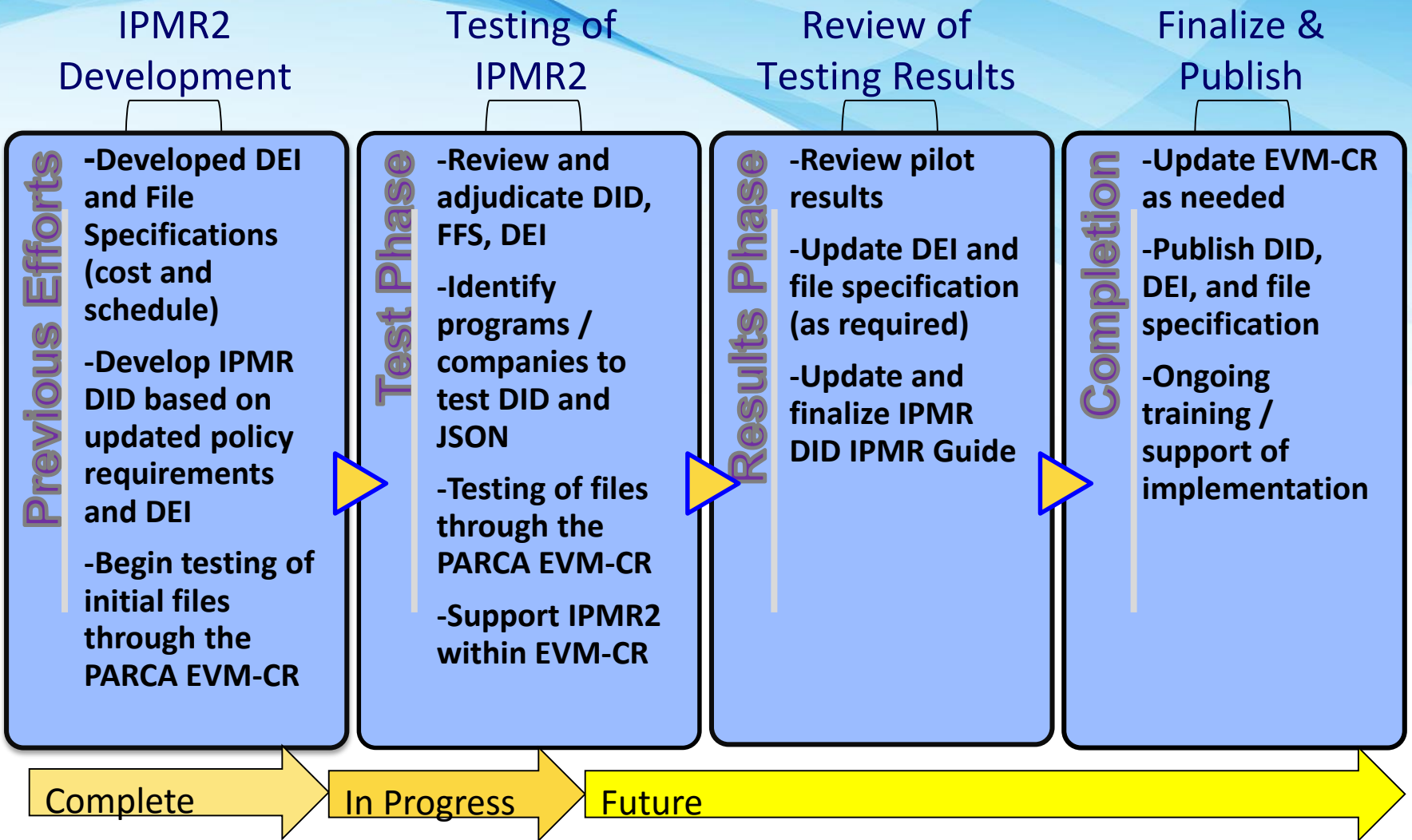
- In rulemaking process
- Added to the Unified Agenda, no definitive timeframe for release for public comment

► Delivery Timing

- Data-only Delivery -- no later than 5 contractor accounting calendar business days after the contractor's accounting calendar period end date
- Government Data Review -- 3 Government accounting calendar business days to review data and provide the contractor a list of elements for variance reporting
- Variance Narrative Delivery -- 5 contractor accounting calendar business days following the Government review

► Variance Analysis -- Two Options

- Option 1: Government Selected
 - Within three business days of receiving performance data, the Government will provide the contractor a list of elements for variance reporting
 - If the Government does not provide a list of variances to be reported, then no variance reporting is required
 - The other sections of the Performance Narrative Report are required regardless if the Government does or does not choose to select variances to be reported
- Option 2: Static Monthly Variance Reporting
 - The elements that comprise the top five contract performance cost variances, the top five schedule variances, and the top five estimate at complete impacts are required to be reported, as applicable, according to the threshold



NEXT STEP: Government and Industry adjudication teams provide recommendations

Sample file and tool download: <https://portal.tecolote.com/parca/ipmr2download.aspx>

► *IDIQ EVM Application*

- “For **indefinite delivery, indefinite quantity (IDIQ)** contracts
 - Inclusion of EVM requirements is based on the estimated ceiling of the total IDIQ contract
 - It is then applied to the individual task/delivery orders, or group(s) of related task/delivery orders, that meet or are expected to meet the conditions of contract type, value, duration, and work scope”

2 part application on IDIQ contracts

1. Include EVM requirement on total base IDIQ contract if it meets or is expected the EVM thresholds in 5000.02

2. Apply EVM on task/delivery orders, or group(s) of related task/delivery orders, per thresholds and workscope

Additional Information

For ACAT ID and IAM programs, OSD USD(AT&L) Performance Assessments and Root Cause Analyses (PARCA), in coordination with the CAE or designee, will review proposed contract work scope for EVM applicability and provide a recommendation to the DAE/MDA for a determination of EVM applicability. For all other ACAT levels, the CAE, or designee, will review and determine EVM applicability. If EVM is determined to apply, then threshold application in this table is utilized or a waiver from the CAE is required. If, based on the nature of the work, EVM is determined not to apply, then EVM is not placed on contract.

Applying EVM outside the thresholds and criteria above, to include application on firm, fixed-price (FFP) contracts, FFP task orders, or FFP delivery orders, a cost-benefit analysis will be conducted, MDA approval is required, and the results provided to the contracting officer for documentation in the contract file.

The term "contracts" includes contracts, subcontracts, intra-government work agreements, and other agreements.

For indefinite delivery, indefinite quantity (IDIQ) contracts, inclusion of EVM requirements is based on the estimated ceiling of the total IDIQ contract, and then is applied to the individual task/delivery orders, or group(s) of related task/delivery orders, that meet or are expected to meet the conditions of contract type, value, duration, and work scope. The EVM requirements should be placed on the base IDIQ contract and applied to the task/delivery orders, or group(s) of related task/delivery orders. "Related" refers to dependent efforts that can be measured and scheduled across task/delivery orders.

The Integrated Baseline Review is required when EVM is determined to be applicable.

The initiation of an over-target baseline or over-target schedule must be approved by the Government program manager.

Application thresholds are in then-year dollars.

* EIA-748 = Electronic Industries Alliance (EIA) 748-C (Reference (au))

<u>Contract Value</u>	<u>Applicability</u>	<u>Notes</u>	<u>Source</u>
< \$20M	Not required	IPMR Should be used if cost and/or schedule reporting is requested by the PMO	IPMR DID DI-MGMT-81861A*
≥ \$20M & < \$50M	Required monthly when EVM requirement is on contract	Formats 2, 3, and 4 may be excluded from the contract data requirements list (CDRL) at program manager discretion based on risk	
≥ \$50M	Required monthly when EVM requirement is on contract	All Formats must be included in the CDRL	

DoDI 5000.02 Incorporating Change 3, August 10, 2017

Notes:

- For ACAT I contracts, task orders, and delivery orders, IPMR data will be delivered to the EVM Central Repository
- The IPMR can be tailored...refer to the DoD IPMR Implementation Guide
- Formats and reporting requirements for the IPMR are determined and managed by USD(AT&L) through the office of PARCA

CDRL documents (DD Form 1423) is reviewed by EVM-CR System Administrator to determine requirements:

- Formats Required
- Frequency
- Submit days (number of days after close of accounting before submission is due)

CONTRACT DATA REQUIREMENTS LIST (1 Data Item)										Form Approved OMB No. 0704-0188			
<p>The public reporting burden for this collection of information is estimated to average 110 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information including suggestions for reducing this burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0701-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. Please DO NOT RETURN your form to the above address. Send completed form to the Government Issuing Contracting Officer for the ContractPR No. listed in Block E.</p>													
A. CONTRACT LINE ITEM NO.		B. EXHIBIT A		C. CATEGORY: TDP _____ TM _____ OTHER <u>X</u>									
D. SYSTEM/ITEM				E. CONTRACT/PR NO. (Fill in when known)				F. CONTRACTOR (Enter Full name of Contractor)					
1. DATA ITEM NO. A0XXXX		2. TITLE OF DATA ITEM Integrated Program Management Report (IPMR)						3. SUBTITLE		17. PRICE GROUP			
4. AUTHORITY (Data Acquisition Document No.) DI-MGMT-81861				5. CONTRACT REFERENCE SOW PARA XXXX				6. REQUESTING OFFICE PROG/XXXX		8. ESTIMATED TOTAL PRICE			
7. DD250 REQ LT		9. DIST STATEMENT REQUIRED FOUO		10. FREQUENCY MONTHLY		12. DATE OF FIRST SUBMISSION SEE BLOCK 16		14. DISTRIBUTION					
8. APP CODE NO		11. AS OF DATE SEE BLOCK 16		13. DATE OF SUBSEQUENT SUBMISSION SEE BLOCK 16				a. ADDRESSEE		b. COPIES			
16. REMARKS The Contractor shall provide monthly IPMRs per DID DI-MGMT-81861; modified per the following: 1. Block 12 - Date of First Submission. The first submission of Formats 1-6 is due 12 working days after the end of the second full accounting period following Authorization to Proceed (ATP). 2. Block 13 - Date of Subsequent Submissions: Subsequent submissions containing Formats 1 through 6 shall be provided within 12 working days ¹ after the close of the contractor's monthly or periodic accounting cycle. Format 7 is due annually on [add date] ² . Final submissions are due when the last significant milestone/deliverable as defined by the contract has been achieved and remaining risk areas have been mitigated. 3. Block 14 - Distribution and addresses: 3.1. All formats shall be submitted electronically in accordance with the DoD-approved XML schemas and guidelines located in the EVM Central Repository (EVM-CR) http://dcarc.cape.osd.mil/EVM/Uncfact.aspx . 3.2. All IPMR files must be electronically forwarded to the EVM-CR ³ at the DCARC Web site at http://cade.osd.mil/EVM/Uncfact.aspx . 3.3. Formats 1-4 shall be submitted using the DoD-approved XML schema and cost guideline. 3.4. Format 5 shall be submitted in contractor format. 3.5. Format 6 shall be submitted using the DoD-approved XML schema and schedule guideline. Format 6 shall also be submitted in contractor native format ⁴ . 3.6. Format 7 shall be submitted using the DoD-approved XML schema and time-phased cost guideline.								EVM-CR		Draft		Final	
										Reg		Repro	

<http://acqnotes.com/acqnote/careerfields/contract-data-requirements-list-cdr1>



EVM Applicability and Reporting Scenarios

Discussion

SHALL WE PLAY A GAME?



- ▶ **EVM Applicability:** Should EVM be used?
 - Contract type
 - Contract value
 - Contract duration
 - Scope / Nature of the work
- ▶ **Reporting:** Should the IPMR be used? Which formats?

- ▶ *Does EVM and EVM reporting apply for development work?*
- ▶ Do the following change the application?
 - FPIF
 - FFP
 - Cost Plus
 - Intra-Government Contract
 - Subcontractors
- ❖ Other considerations?

- ▶ *Does EVM and EVM reporting apply for production?*
- ▶ Do the following change the application?
 - LRIP
 - Lot 1
 - Lot 800
 - Tech Refresh
 - Overhaul

❖ Other Considerations?

- ▶ *Does EVM and EVM reporting apply for services?*
- ▶ Do the following change the application?
 - Sustainment
 - Maintenance
 - Planned Maintenance
 - Upgrades
 - Spares / Parts
 - Support Services

❖ Other Considerations?

- ▶ *Does EVM and EVM reporting apply to IDIQ's?*
- ▶ Do the following change the application?
 - Small value TO's / DO's
 - Large value TO's / DO's
 - Mixed contract type TO's / DO's
 - Interdependent TO's / DO's
- ▶ How would reporting look?

❖ Other Considerations?